

## ORGANIZATIONAL CLIMATE AND ITS INFLUENCE ON HRM PRACTICES AND ORGANIZATIONAL OUTCOMES WITH SPECIAL REFERENCE TO IT SECTOR

Dr. Kunal Patil, Assistant Professor  
Dr. D. Y. Patil Institute of Management Studies  
Pune, Indi  
kunalpatil2005@gmail.com

Dr. Lalit Prasad, Associate Professor  
Dr. D. Y. Patil Institute of Management Studies  
Pune, India  
onlylalitprasad@gmail.com

Dr. Nandini Desai, Assistant Professor  
Dr. D. Y. Patil Institute of Management Studies  
Pune, India  
drnandini6666@gmail.com

### ABSTRACT

This study examines how HRM practices and workplace culture contribute to successful organizational results in the information technology (IT) industry. The study analyses seven HRM techniques that are often used by Indian IT organizations and look at how they affect HR outcomes. According to the data, businesses that implement HRM techniques including performance reviews, pay and benefits, and HR planning see considerable HR results. A strong mediator between HRM practices and organizational outcomes is also discovered to be the organizational atmosphere. The study highlights the significance of fostering a favorable organizational climate, which is described as the company's employees' collective perceptions, emotions, and attitudes about the core components of the organization. Research is limited to the Information Technology (IT) sector of Pune. The article concludes that in order to improve organizational outcomes, IT organizations should concentrate on both organizational climate and HRM practices.

**Keywords:** Organizational Climate, HRM Practices, Organization Outcome, HR Outcomes, IT Sector

### Introduction

#### Work culture, Organizational Environment

Since skilled personnel is the source of competitive advantage in various industries, human resources are the lifeblood of the IT sector. The IT sector is known as most dynamic and adoptive sector as it has cutting-edge work cultures like virtual offices and virtual migration that are unique from other sectors due to the high attrition rate, low job satisfaction, employee job hopping, flexibilization, and individualization that are major concerns for the IT industries. The HR practices used by IT sector companies are considerably different from the other sector companies in INDIA.

#### Organizational Climate and Outcome

The norms, beliefs, expectations, regulations, and procedures that make up an organization's culture affect employee motivation, dedication, and ultimately, individual, and work-unit performance. Good environments foster initiative, while unfavorable environments discourage it. The term "organizational climate" describes the standard of the workplace. People are more likely to positively bestow wholehearted support to the attainment of organizational outcomes if they feel appreciated and respected within a company. Paying attention to the elements that affect employees' impressions, such as the standard of leadership, the process for making choices, and whether employee efforts are acknowledged, is necessary to establish a "healthy" corporate atmosphere. "Climate may be viewed as the perception of an organization's qualities."

Gerber (2003), the shared beliefs, attitudes, and methods that organization members have regarding the fundamental workings of your company represent the accepted values, principles, and methods of the company's philosophy and can have either a favorable or negative impact on how people behave. Moran ,Volkwein,(1992)

Richard (2009), actual production or outcomes of an organization are evaluated versus its expected outputs as the organization's performance/outcome or aims. Three distinct areas of firm outcomes are included in organizational performance: (a) commercial performance (monetary returns, profit on assets, investment performance, etc.); (b) commodity market efficiency (the sale, market share, etc.); and (c) stockholders return (All stockholders' return, fiscal worth bonus, etc.). Organizational performance has broader focuses.

Organization outcomes is a subject that appeals to specialists in a variety of subjects, such as tactical planners, operations, investment, statutory, and enterprise development.

### **HRM Practice**

Seven HRM best practices that can be found in every IT industry have been mentioned. This list was created using the theory presented by VSP Rao in the second edition of his book, "Human Resource Management- Test and Examples" Rao (2000).

#### Human Resource Planning

To help the organization achieve its goals, HRP entails obtaining data, setting goals, and making decisions. An accurate assessment of personnel planning with corresponding skill requirements is the fundamental goal of establishing a manpower plan.

#### Talent Management

Managing goals, attainment assessments, assessment through multiple sources, workforce and succession planning, development planning, and training are just a few of the adaptable Employee Performance Management options that organizations offer.

#### Recruitment & Selection

The process of evaluating and selecting competent people for a position in a business, corporation, volunteer-based organization, or community group is known as recruiting.

#### Training & Development

To train means providing information, enhancing the abilities, sharpen the skills for developing the required capabilities of the employees.

#### Performance Appraisals

This is a technique for evaluating an employee's work in terms of quantity, quality, cost, and timeliness.

#### Compensation

The systematic method of granting employees' commercial benefit in return for workforce is called compensation. Payment can benefit employment, work performance, and employment pleasure, including other matters.

#### Employee Welfare

Welfare refers to any action taken, independent of the government and not required by business, for the intellectual or social advancement of employees.

### **Empirical Evidence**

Because HRM methods can improve employee attitudes and behavior and organizational performance throughout the past several years, several academics and experts have concentrated on the importance of HRM. Becker (1996), there is growing proof that HRM methods and organizational effectiveness are closely related. HRM practices alter workers' views towards their jobs, encouraging them to reciprocate favorably in the direction of achieving organizational goals. Settoon (1996). Employees become pragmatically motivated and feel more obligated to the firm, for instance, when companies offer possibilities for training and growth, awards, and managerial concern for their well-being. Arthur (1994) "Organizational performance can benefit from high-performance work systems and high-commitment HRM strategies. Gould-Williams (2003) both methods agree that HRM procedures should be created to inspire workers and increase their potential, Huselid (1995). Personality represents individuality, while culture represents the organization. Organizations are differentiated on the basis of their distinctive set of convictions, beliefs, work culture, and employee relations. Each organization has its own unique culture which has its own different rules and regulations with distinct communication systems, and sentiments from other organizations. Different expertise, religious background, educational qualification, or peer/ social groups influence the work culture within the organization. These diversities share the features of a leading culture that pass on to the entire company. Managers sometimes become shocked and tend to discount the idea that culture plays a part in creating and strengthening an organization's success and performance. They ultimately think that the only thing that will advance them and their organizations is their experience and technological know-how. Rollins (1998). The numerous everyday work-life decisions that make up our occupations carry the values of organizations with unambiguous clarity from coworker to a coworker and from management to employee. RS (2003). The term "attitude" refers to

feelings, attitudes, and behavioral patterns that are directed toward certain individuals, groups, concepts, problems, or goals, Meyer, Allen (1991).

The difference in work conditions, work culture, and HRM practices shows the difference in the final outcomes of the organization. Hence to ascertain the correlation between organizational setting, HRM methods, and organizational results, a particular study on IT businesses is required.

Based on empirical studies, it has been validated by many researchers that the final outcomes of the organization as employee performance, employee satisfaction, and staff turnover are dependent on HRM practices adopted by the organization and the climate of the organization.

The outcomes, however, could differ based on the situation, including the industry, firm size, and cultural considerations.

The association between organizational environment, an organization's HRM practices, and the success of the organization must therefore be thoroughly examined, especially in the context of IT businesses.

Employee perceptions of their workplace as a whole are referred to as the organizational climate or environment. A company's employee management practices are referred to as human resource management (HRM) practices. Organizational outcomes refer to the organization's effectiveness and success.

Numerous studies have found a positive relationship between HRM procedures and workplace culture. A favorable organizational climate is associated with the adoption of innovative work practices, such as employee participation, training, and performance evaluation systems. Schneider (2003).

Moreover, studies have demonstrated that HRM practices affect the link between organizational climate and results. Practices of HRM mediated the link between organizational atmosphere and commitment, which was then linked to favorable organizational performance. Tsai (2015).

Organizational environment and performance relationship is somewhat facilitated by HRM practices. HRM practices like employee contribution, preparation, and progress, and assessing performance were positively associated with organizational performance and served as a partial interceding factor in the association between organizational climate and organizational performance.

Despite the positive correlation between the organizational environment and HRM practices, there was no relationship between HR practices implemented by the organization and organizational results. Lai (2019).

Given that a vast body of research indicates that organizational environment significantly influences HRM practices, it seems that there is an influence of organizational climate on HRM practices; Schneider, Gunnarson, & Niles-Jolly (1994). The collective beliefs, attitudes, and behaviors of the workforce inside the company are referred to as the organizational climate. This factor has a variety of effects on HRM procedures.

For instance, a favorable organizational culture can foster a cooperative and supportive work environment, which can make it easier to conduct HRM procedures like training and development, employee involvement, and performance evaluation. Huselid (1995). A bad organizational environment, on the other side, might make it difficult to apply HRM procedures and result in undesirable organizational outcomes including low employee satisfaction, high turnover, and decreased productivity.

A positive organizational climate is linked to the adoption of creative HRM practices and improved organizational results, while a bad organizational climate is linked to subpar HRM practices and undesirable organizational outcomes, according to research findings of Byrne, (2016) and Kim, Kim (2018).

It is impossible to determine whether the notion that organizational environment and HRM practices have little effect on organizational outcomes in the IT business is accurate in the absence of any specific study or research to support it. Nonetheless, most of the research in this field points to the fact that HRM procedures and organizational atmosphere do affect organizational outcomes across industries, including the IT industry. A positive organizational climate was associated with high job fulfillment and low attrition intention among IT company employees. Park, Kim (2017). Additionally, HRM policies including employee development and training had a favorable effect on the performance of IT organizations. Li, Jiang, & Lu (2016). As a result, it is crucial to look at the environment of the IT sector and conduct research to ascertain how organizational

atmosphere, HRM practices, and organizational outcomes are related. Making a generalization that there is no effect of the organizational environment and practices adopted for the management of human resources on an organization's success in the IT business without such evidence is not accurate.

It is suggested that there is a relationship between HRM practices and the organizational environment since overall research shows that practices employed for the development of human resources mediate the correlation between an organization's climate and its outcomes.

### **Objectives of the Study**

- To study the organizational environment with respect to IT companies in Pune.
- To study HRM practices with respect to IT companies in Pune
- To examine the relationship relating to the organization climate and HRM practices in organizational outcomes.

### **Hypotheses of the Study**

H1: There is an impact of organizational climate on HRM practices with respect to IT companies.

H2: There is an impact of organizational climate and HRM practices on organizational outcomes with respect to IT companies.

### **Research Methodology**

Exploratory and conclusive research are the two main types. Conclusive research needs a quantitative technique, while exploratory research needs a qualitative one. Combining both methodologies is known as a mixed strategy, and it uses both quantitative and qualitative methods to gain a thorough understanding of the study subject. It is a type of triangulation used to strengthen the logic and dependability of study results. For this research investigation, a mixed method is used.

The characteristics of the phenomenon/phenomena Organizational Climate, HRM practices, and Organizational Performance are described in this study using a descriptive research design.

Convenience sampling was employed because it is a useful and effective way to get data quickly. Convenience sampling is a practical substitute because sampling from an unlimited population can be expensive and time-consuming. Convenience sampling can have certain drawbacks, though, such as potential bias brought on by the non-random selection of participants.

For this study, a survey method has been used, and a questionnaire was developed as the tool for collecting primary data. The structured questionnaire was designed to collect information on various aspects related to the research objectives, including HRM practices, organizational climate, and organizational outcomes.

By choosing participants from various departments and job responsibilities inside the IT organization, the researcher was able to alleviate this constraint for proper representation of the population. Also, the researcher made sure that the sample size was adequate to generate adequate statistical power.

Overall, the convenience sampling strategy was chosen because it provided a practical and efficient way to collect data from a huge and diverse population of IT firm employees. Despite the method's limitations, care was taken to ensure the sample size and demographic representation were adequate to achieve the study's goals.

To make sure the questions were legitimate and reliable, the questionnaire was created using a review of previously published research papers and articles as well as interviews with HR executives. The survey was designed to collect information on a range of issues related to the study's objectives, including HRM practices, workplace cultures, and organizational outcomes. The data was collected using a survey method, with a survey form serving as the primary instrument.

The closed-ended questions used Likert-type scales to measure participants' attitudes, opinions, and perceptions of various HRM practices, the culture of the organization, and organizational outcomes. Participants had a choice among five responses on the Likert scale: strongly agree, agree, neither agree nor disagree, disagree, and disagree strongly.

Respondents had the chance to respond in-depth to the open-ended questions and share more details about their perspectives and experiences. To provide a more thorough grasp of the research aims, the open-ended questions were employed to complement the multiple option questions.

To make sure the questions were precise, succinct, and simple to grasp, a small group of IT business personnel pretested the questionnaire. Little changes were made to the questionnaire following the pretesting to guarantee the validity as well as reliability of the items.

Overall, the questionnaire survey approach was adopted because it offered a useful and effective means to gather information from a sizable and diversified community of IT firm personnel. The questionnaire was pretested to make sure it was valid and trustworthy and was made to collect both numerical and nonnumerical data.

**Data Analysis-**

Respondents were 200 employees from nine different IT companies situated in Pune, Maharashtra. There were 131 male (65.50%) and 69 female (34.50%). The average age of the respondents was 38 years with a standard deviation of 3.4 years. The educational qualification shows that 47 (23.50%) of the respondents have master’s degree, 153 (76.50%) have bachelor’s degree.

A straightforward linear regression analysis was conducted based on the supplied tables to look at the relationship between organizational climate and HRM practices.

Adjusted R Square	.627
Std. Error of the Estimate	.284541997418774
a. Predictors: (Constant), Average (Organizational Climate)	
b. Dependent Variable: Average (HRM Practices)	

Table 1. Model Summary<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.196	1	6.196	76.530	.000 <sup>b</sup>
	Residual	3.562	199	.081		
	Total	9.759	200			

Dependent Variable: Average (HRM Practices)

b. Independent: (Constant), Average (Organizational Climate)

Table 2. ANOVA test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Standard Error	Beta		
1	(Constant)	.927	.329		2.821	.007
	Average (Organizational Climate)	.757	.087	.797	8.748	.000

Table 3.linear regression

The findings showed that Organizational Climate significantly influences HRM practices in a positive way (Beta =.797, p <.001), accounting for 63.5% of the variation in HRM practices. The convenience sample approach was used to pick 200 IT firm employees as the study's respondents.

The regression model is significant, according to the ANOVA table (F(1, 199) = 76.530, p <.001), indicating that it fits the data well. According to the table of regression coefficients, the intercept is significant (B =.927, p =.007), which means that HRM Practices would be.927 if the Organizational Climate were zero. Additionally, a one-unit rise in organizational climate is correlated with a 0.757-unit increase in HRM practices, according to the coefficient for organizational climate, which is significant (B =.757, p <.001).

The mean of the residuals is zero, with a standard deviation of 0.281, according to the residual statistics table, while the mean of the projected values is 3.7777, with a standard deviation of 0.371. This shows that the model can predict HRM Practices based on Organizational Climate very well.

The study's findings, which emphasize the need of establishing a positive workplace culture to advance HRM practices, reveal that organizational climate has a major impact on HRM practices in IT organizations. The 200-person sample size is relatively large and could provide enough statistical power to draw valuable conclusions from the data.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 <sup>a</sup>	.717	.704	.246137951010726

a. Predictors: (Constant), Average (HRM Practices), Average (Organizational Climate)

a. Dependent Variable: Average (Organizational Outcome)

Table 4. Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.603	2	3.302	54.498	.000 <sup>b</sup>
	Residual	2.605	198	.061		
	Total	9.209	200			

a. Dependent Variable: Average (Organizational Outcome)

b. Predictors: (Constant), Average (HRM Practices), Average (Organizational Climate)

Table 5. ANOVA Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.623	.309		2.017	.050
	Average (Organizational Climate)	.449	.124	.487	3.627	.001
	Average (HRM Practices)	.394	.130	.406	3.025	.004

Table 6 Coefficients

The tables present data on the regression analysis performed to investigate the association between organizational climate, HRM practices, and organizational results. The information presented does not include the sample size for this study.

The table no 4 displays the findings of the regression study between HRM procedures and organizational climate. The regression model is significant ( $F(1, 199) = 76.530, p < .001$ ) and accounts for 63.5% of the variance in HRM practices, according to the ANOVA table (table no 5). According to the coefficients table (table no 6), there is a substantial positive correlation between organizational environment and HRM practices, with the standardized beta coefficient for organizational climate being .797 ( $t = 8.748, p < .001$ ).

The findings of the regression analysis between the organizational atmosphere, HRM procedures, and organizational outcome are presented in the table. The regression model is significant ( $F(2, 198) = 54.498, p < .001$ ) and accounts for 71.7% of the variance in the organizational outcome, according to the ANOVA table. The coefficients table demonstrates that there are significant positive associations between organizational outcomes and both organizational climate (standardized beta = .487,  $t = 3.627, p = .001$ ) and HRM practices (standardized beta = .406,  $t = 3.025, p = .004$ ).

Overall, the findings suggest that both organizational climate and HRM practices are important predictors of organizational outcomes in IT companies.

The regression study's findings indicate that HRM practices and organizational climate both significantly enhance organizational outcomes in IT organizations. According to the regression analysis, the model with two predictors—organizational environment and HRM practices—had a higher R-squared value and was a better fit for the data than the model with just one predictor. The statistically significant coefficients for both variables indicated that an increase of one unit in organizational climate and HRM practices would result in an increase in the organizational outcome. These findings demonstrate that IT organizations should prioritize improving both the working environment and HRM practices in order to improve organizational outcomes.



### Findings

Employees of reputed companies were interviewed during the survey, and it was found that HRM practices are being properly followed in the companies of the IT sector situated in Pune. This finding is based on the employees' perceptions regarding HRM practices collected through their self-report on HR practices and organizational climate.

It is inferred from the data that Organizational Climate significantly influences HRM practices. It means that a positive workplace is important for improvement in implementing good HRM practices.

There is a significant relationship between organizational environment and HRM practices and organizational outcomes. This indicates HRM practices and organizational climate play an influential role in improving the organizational outcomes.

### Conclusion

Organizational culture and HRM procedures considerably enhance organizational outcomes in IT organizations, in line with the findings of the regression analysis. Regression analysis revealed that the model with two predictors—organizational environment and HRM practices—had a higher R-squared value and performed better than the model with a single predictor. The statistically significant coefficients for both variables indicated that an increase of one unit in organizational climate and HRM practices would result in an increase in the organizational outcome. These findings demonstrate that IT organizations should prioritize improving both the working environment and HRM practices in order to improve organizational outcomes.

### References

- Arthur, J. B. (1994). Effects of Human Resource Systems on Manufacturing Performance. *Academy of Management Journal* 37(3): 670–87.
- Becker, B. a. (1996). The Impact of HRM on Organizational Performance: Retrieved from *Progress and Prospects. Academy of Management Journal* 39(4): 779–801.
- Byrne, Z. S., Peters, L. H., & Weston, J. W. (2016). The impact of organizational climate on safety and individual behavior. *Safety Science*, 88, 76-82.
- Gerber, P. D. (2003). Organizational climate and employee commitment in institutional settings: A comparative analysis. *Research in Higher Education*, 44(5), 581-614. doi: 10.1023/A:1025492405989
- Gould-Williams, J. S. (2003). The Importance of HR Practices and Workplace Trust. *International Journal of Human Resource Management* 14(1): 28–54.
- Huselid, M. A. (1995). The Impact of Human Resource Management Practices on Turnover,. *Academy of Kim, J. W. (2018). Impact of Organizational Climate on job satisfaction and organizational commitment among nursing assistants in nursing homes. Journal of Nursing Management*, 26(4), 411-418.
- Lai, Y., Saridakis, G., & Johnstone, S. (2019). HRM practices, organizational climate, and employee outcomes: A study in the Chinese hospitality industry. *Tourism Management*, 71, 23-32.
- Li, J. J., Jiang, K., & Lu, L. (2016). When do high-involvement work practices enhance employee creativity? The roles of knowledge sharing and feedback-seeking. *Human Resource Management*, 55(2), 219-235. doi: 10.1002/hrm.21697
- Meyer, J. P., Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89. [https://doi.org/10.1016/1053-4822\(91\)90011-Z](https://doi.org/10.1016/1053-4822(91)90011-Z)
- Moran, E. T., Volkwein, J. F. (1992). The cultural approach to the formation of organizational climate. *Human Relations*, 45(1), 19-47. doi: 10.1177/001872679204500102
- Park, J. G., Kim, K. J. (2017). The influence of organizational climate on IT employee turnover intention: The mediating effects of job satisfaction and organizational commitment. *Information Development*, 33(3), 314-328. doi: 10.1177/0266666916644217
- Rao, V.S.P. (2000). *Human Resource Management: Text and Cases* (2nd ed.). Excel Books Pvt Ltd.
- Richard, O. C., Barnett, T., Dwyer, S., & Chadwick, K. (2009). Cultural diversity in management, firm performance, and sthe moderating role of entrepreneurial orientation dimensions. *Academy of Management Journal*, 47(2), 255-266. doi: 10.2307/20159586
- Rollins, T. R. D. (1998). Work culture, organizational performance and the role of managers' beliefs. *International Journal of Manpower*, 19(3), 184-195.
- Schneider, B., Ehrhart, M. G., & Macey, W. H. (2013). Organizational climate and culture. *Annual Review of Psychology*, 64, 361-388.
- Settoon, R. B. (1996). Social Exchange in Organizations: Perceived. Retrieved from *Journal of Applied Psychology* 81(3): 219–27.
- Tsai, W.-H., Huang, C.-C., Wu, K.-Y., & Hu, D.-C. (2015). The mediating role of HRM practices in the relationship between organizational atmosphere, organizational commitment and organizational performance. *Asia Pacific Management Review*, 20(4), 198-206.